

## **Housing Division Assessment of Goals and Objectives**

### **Introduction**

Through its commitment to create and preserve affordable housing for low and moderate-income residents in Cambridge the City's Community Development Department Housing Division identified four definitive objectives to meet its goal. The objectives include:

- Preserving Affordable Expiring Use Developments;
- Creating New Affordable Rental Units;
- Creating Affordable Homeownership Units; and
- Stabilizing and Renovating Owner-Occupied Units.

In the Five-Year Consolidated Plan, completed in May 2000, the City projected goals to be achieved over 5 years, and embarked on plans to strategically meet its objectives by partnering with non-profit housing developers, private developers, the Cambridge Affordable Housing Trust, and the Cambridge Housing Authority (CHA). With funds received from the US Department of Housing and Urban Development (HUD) it continues to successfully leverage financial support from other federal, state, local and private sources to meet development and housing service objectives. The following narrative is an overview of the City's housing activities completed in fiscal year 2004 and its progress in meeting housing goals stated in its Five-Year Consolidated Plan.

**Objective #1:** To preserve affordable rental housing and enhance access for extremely low, and low and moderate-income households.

This housing objective is accomplished through the City's Expiring Use Program. Through this program, the City provides technical and financial assistance to tenants, owners, non-profit organizations, and other concerned parties as they collaborate to address the long-term needs of housing developments at risk of losing their affordability. Through the Cambridge Economic Opportunity Committee (CEOC), the City annually funds the hire of a Tenant Organizer who works directly with tenants living in expiring use buildings that are in danger of being converted to market-rate housing. The City's housing preservation strategy also includes enforcing local use restrictions resulting from zoning or tax agreements.

**Accomplishments:** In FY 2004, the City in collaboration with Homeowners Rehab Inc., completed rehabilitation on CAST, an expiring use building with 42 units which was at risk of being converted to market rate before successful negotiations ensued with owners, tenants, Homeowners' Rehab and the City in 2003. The Cast Apartment complex with family-sized rental units, mainly three-four- and five-bedroom units, was affordable for 30 years through a federally subsidized mortgage restriction before coming to term. The City provided \$483,485 in HOME funds to help substantially renovate the building and extended affordability for 50 years. These funds leveraged more than \$9,000,000 in additional financing to complete renovations in 2004. In addition to activities completed at CAST, 23 units at the Church Corner development were refinanced and the affordable restriction terms extended in perpetuity for that property. Other expiring use projects being evaluated by the City include the Putnam Square development

with 94 units, and the Fogerty Building with 17 units.

**Challenges:** The strong real estate market in Cambridge continues to be the primary challenge in preserving buildings with expiring affordability restrictions. Owners of federally funded developments and cooperatively owned buildings need significant financial incentives to decide not to convert units to market-rate rental or condominium housing, as tremendous financial gains can be made by doing so. Even as the local economy experiences a slow recovery from the recession, the cost of housing and land in Cambridge remains very competitive and costs continue to escalate. The decreased availability of section 8 vouchers continues to negatively affect tenants in federally subsidized buildings where affordability restrictions need to be extended. As buildings approach expiring affordable terms uncertainty with section 8 vouchers will make negotiating with owners a growing challenge.

▪ **Cambridge Neighborhood Apartment Housing Services (CNAHS)**

The Cambridge Neighborhood Apartment Housing Services, Inc. provides low-interest rehabilitation financing to private owners of multifamily properties in return for a set-aside of units for low and moderate-income tenants.

**Accomplishments:** In FY 2004, CNAHS provided financing for 3 projects which added 11 affordable units to the City's affordable housing stock. In addition, CNAHS is in discussions with other private owners who are interested in participating in the program, and anticipate creating 10 additional units in the upcoming fiscal year. Despite an exceptionally strong rental market in Cambridge, CNAHS has been successful in attracting new owners to the program.

**Challenges:** Overall, the primary challenges in producing new affordable rental opportunities in Cambridge are high acquisition and construction costs. Being a largely built-out City land for construction and competing community demands often result in the density reduction of new development opportunities.

**Objective #2:** To create new affordable rental units targeted to extremely low, and low and moderate-income families and individuals using a multifaceted approach.

▪ **Non-profit Sponsored Affordable Housing Development Program - Rental**

Affordable rental and homeownership units are developed through the City's Non-profit Sponsored Affordable Housing Development program. Several local non-profit housing agencies including, designated CHDOs Homeowner's Rehab Inc. (HRI) and Just A Start Corporation (JAS), CASCAP Reality Inc., the Cambridge Housing Authority (CHA), and the Cambridge Affordable Housing Corporation (CAHC) a subsidiary of the CHA, each received financial assistance and technical support this year. These organizations acquired and rehabilitated existing buildings and build new housing, adding new rental and homeownership units to the City's affordable housing stock. The buildings become permanently affordable through the City's Affordable Housing Agreement, which enforces a

long-term deed restriction of 50 years or more. Whenever possible the City considers the use of City-owned land for development of affordable housing to reduce development costs.

**Accomplishments:** In FY 2004, the City funded new developments to create approximately 44 new rental units, including housing for persons with disabilities and those formerly homeless. The projects included 6 units at the Cambridge Street development, 6 units through the CHA Condo Acquisition Program. In early FY05, construction of 40 units of housing with 32 of the units being affordable will begin at Trolley Square. The projects were funded with CDBG, HOME and Cambridge Affordable Housing Trust funds, and leveraged several million dollars from public and private sources. These units are currently in various stages of the development process and will be occupied by extremely low, low and moderate-income residents when completed.

Also, Community Development Housing staff project delivery salaries were funded with CDBG and HOME funds to deliver these projects. Staff worked with non-profit organizations to identify potential opportunities, assess the overall feasibility of the project, identify funding sources, shepherd the project through development and marketing, and monitor units to ensure continued compliance with HUD regulations. In addition, many of these projects also received predevelopment and capital improvement funds from the city.

- **Inclusionary Zoning Program**

Through the Inclusionary Zoning Program, private owners developing new or converted residential developments with 10 or more units are required to provide 15% of the units as affordable housing. The units are affordable for the life of the building.

**Accomplishments:** In FY 2004, 8 new affordable rental units were created through the Inclusionary Zoning Program. In addition, the City began discussions with owners of several sites, slated for development, which could potentially create additional Inclusionary units over the next few years. The projects are in various stages of the development process and some negotiations have begun. Amidst soaring land costs and housing prices, the Inclusionary Zoning Program has been a successful and cost effective vehicle for securing affordable units in mixed-income developments in the City. Since its inception in 1988, 141 affordable units have been created.

Community Development Housing staff salaries are funded with CDBG funds to help administer the Inclusionary Zoning Program. Staffs' project delivery activities for Inclusionary Zoning projects include technical assistance to developers, reviewing plans and specifications to ensure that the City receives 15% of the units, ensuring that the units are comparable in size and amenities to market-rate units, and assisting the developer to market the units to eligible renters or buyers.

**Objective #3: To increase affordable homeownership opportunities** for first-time low and moderate-income buyers.

▪ **Inclusionary Zoning & Non-profit Sponsored Affordable Housing Development**

The City finances the acquisition and rehabilitation of homeownership units through non-profit sponsored development of homeownership units. It also secures homeownership units through the Inclusionary Zoning program, and creates homeownership opportunities for low-income families through the resale of previously deed restricted units. The City also provides services to support first time homebuyers as they embark on homeownership. In addition to individual counseling, first-time homebuyers are provided with Homebuyer Education workshops, and post-purchase counseling. Class graduates are usually eligible for MHFA financing and Soft Second Loans which the City applies for through the Department of Housing and Community Development (DHCD), which funds the interest rate subsidy and loan loss reserve components of this program. These funds are used in conjunction with reduced rate first mortgage funds provided by area lenders and partners. Housing staff collaborates with local churches, Massachusetts Alliance of Portuguese Speakers (M.A.P.S.), Concilio Hispano, Inc. (an interpreter service), the Cambridge Multi-Service Center, the state and other non-profit groups to assist first time homebuyers Citywide and across cultures achieve homeownership.

**Accomplishments:** In FY2004, the City created 25 new homeownership units affordable to households with incomes at or below 80% of the City's area median income. In addition to units created, the Housing staff also hosted 10 First Time Homebuyer (FTHB) classes; collaborated with the Multi Services Center to provide a FTHB class in Creole and also in Spanish; individually counseled 164 homebuyers; hosted a FTHB workshop for persons interested in owning multifamily property; and assisted 31 households to purchase units in Cambridge. It also hosted a post-purchase seminar for those who purchased units through the City's first time homebuyer program. Approximately 461 people have been served through the City's FTHB program this fiscal year.

**Challenges:** Being a largely built-out City, Cambridge faces several challenges in producing new affordable homeownership opportunities, such as high acquisition costs and escalating construction costs. Though tax credits are a major source of equity for development opportunities, homeownership is not an eligible use under the Federal tax-credits program, eliminating an important financing method used by for-profit and non-profit developers to create affordable units. Nevertheless, the City continues to be proactive in creating and implementing housing programs to aide low and moderate-income buyers through programs such as non-profit housing development, and Inclusionary Zoning. The City will also utilize federal programs and funds as they become available, such as the recently created American Dream Downpayment Initiative program, to assist low and moderate-income families become homeowners.

**Objective #4:** To stabilize and renovate owner-occupied one-to-four family buildings owned by the extremely low, low and moderate-income households.

The Home Improvement Program (HIP) is a low-interest rehabilitation loan program for low and moderate-income owners of one to four-unit buildings. HUD recently approved the City's Neighborhood Revitalization Strategy (NRS) which expands the program to serve households with incomes above 80% of area median income living in low-income census tract areas.

Through the HIP program owners use funds to renovate multi or single family homes to meet HUD, State and City building code requirements with the agreement that rents will be kept affordable. The program is managed by Homeowners Rehab. Inc. (HRI) and Just A Start (JAS), with oversight from the City's Housing Division. Both non-profits target their rehabilitation efforts in separate parts of the City but cover all 13 Cambridge neighborhoods.

***Accomplishments:*** In FY2004, Just A Start and Homeowner's Rehab worked with homeowners to close 23 cases and rehabilitate approximately 54 units between them through the Home Improvement Program. The Community Development Department (CDD) funds a contract with each agency to support both staff time and loan funds for this program. In addition, the program leverages close to \$3 million dollars in other funds to undertake necessary renovations and rehabilitation to revitalize the housing stock in low-income communities.

***Challenges:*** Escalating construction costs and the need for increased subsidies are a challenge to HIP program administrators in their work to seek new owners to participate in the program. In addition, Title X continues to pose a challenge to owners looking to rehab using federal dollars as it requires owners to delead units which receives \$5,000 or more in CDBG funds. Many owners have elected not to participate in the program since the new regulation was enacted, thus, reducing the number of affordable rental and ownership units that could have been brought up to code. However, working creatively with owners, local banks and collaborating with the City, Just A Start and Homeowner's Rehab have successfully forged ahead.

#### **Rehabilitation Assistance Program:**

Through this program, youth crews received hands-on rehabilitation experience by working on non-profit sponsored housing projects and the Cambridge Housing Authority's public housing sites. Just A Start administers the program with financial support from the City through the CDBG program. RAP provides training and education for youth rehabilitation and deleading crews. In FY2004, 152 youths participated in the program receiving on the job technical training as they rehabilitated approximately 103 units.

## **AFFIRMATIVELY FURTHERING FAIR HOUSING**

### **Addressing Impediments to Fair Housing**

The City of Cambridge will be conducting a new Fair Housing Plan for submission with the Five Year Consolidated Plan due in 2005. As part of its Fair Housing Plan in 1999, the City completed its Analysis of Impediments (AI) to Fair Housing Choice. HUD does not require an Analysis of Impediments study to be submitted annually for review. However, the City is required, as part of the Consolidated Plan Performance Evaluation Report (CAPERS) to provide HUD with a summary of the AI identified and the jurisdiction's accomplishments in addressing them for the current reporting year. Below are activities the City participated in this year to address impediments to fair housing.

The City strategically collaborates with private and non-profit developers and various funders to increase the supply of affordable rental and homeownership housing units for low and moderate-income households. The City housing services are provided in a manner that reaches across cultures in an ethnically diverse City. This includes offering first time homebuyer classes and housing literature in several languages including Creole and Spanish. The City continues to implement programs it has created over the years to create new units, and to utilize resources provided by the State of Massachusetts and the Federal government as it faces high development costs in a built-out City. Below are descriptions of several strategies used by the City to address impediments to fair housing in Cambridge.

#### **Subsidize High Cost of Land and Real Estate Development**

The high cost of land continues to make Cambridge a highly profitable real estate market, increasing the challenge to create and preserve affordable housing. Consequently, the City has created and implements programs to facilitate the development and preservation of affordable housing. They include Non-profit Sponsored Rental and Homeownership Development, Inclusionary Zoning Program, Expiring Use Program, CNAHS Multifamily Rehabilitation Program and the Home Improvement Program (*See Objectives 1-4 for additional details and accomplishments on these programs*). In addition, recent Citywide Rezoning Initiatives continue to foster the development of new housing opportunities throughout the City. In FY2004, the City created 12 new affordable rental units, and 25 new homeownership units through non-profit sponsored development. In addition 11 rental units were created through the CNAHS program; 31 homeowner units were sold through the First time homebuyer program; 8 units were secured through the Inclusionary Zoning program; 54 low-mod income owner occupied units were rehabilitated through the Home Improvement Program; and 65 units were preserved through the Expiring Use program.

#### **Promote Zoning Favorable to Affordable Housing Development**

The Cambridge Community Development Department (CDD) has worked for many years to support zoning which include incentives to encourage developers to provide affordable housing, including Inclusionary Zoning, Incentive Zoning, and the City-wide Rezoning

Initiative.

- *Inclusionary Zoning Ordinance*

In 1998 the City adopted an Inclusionary Zoning Ordinance that requires developers of any new or converted residential development with 10 or more units to provide 15% of the total number of units as affordable housing. In return, the developer receives up to a 30% increase in density. CDD monitors compliance with this ordinance. Staff works with the private developers to design and implement the marketing and sale or leasing of units to low-income Cambridge residents. In FY 2004, 10 units were secured through deed restrictions that ensures their affordability for the life of the building. To date, 141 units have been secured through the Inclusionary Zoning Program. Discussions to secure additional Inclusionary units over the next few years are underway with developers. As these units are completed, they are added to the City's housing stock which has approximately 6,800 affordable units.

- *Incentive Zoning Ordinance*

The Cambridge Incentive Zoning Ordinance was adopted in 1988. It requires that non-residential developers with projects over 30,000 square feet that require a Special Permit to authorize an increase in the permissible density or intensity of a particular use, mitigate the impact of their development through a contribution to the Affordable Housing Trust. These funds are used to sponsor the development of affordable rental and homeownership units. A study was recently completed to update and expand the Incentive ordinance. It recommends that the contribution made by developers be increased from \$3.28 to \$7.83 per square foot in the future. However, due to the current recession possible consideration of increases have been put on hold. In FY 2004, the City received \$918,468 in Incentive Zoning contributions.

- *Citywide Rezoning Initiative*

The Cambridge City Council passed a citywide rezoning initiative in 2001, allowing housing to be an allowable use in all districts; rezoned numerous districts to housing; facilitated the conversion of industrial buildings by streamlining the permitting process; and reduced commercial Floor Area Ratios (FARS) (thereby increasing a developer's incentive to build housing). Each of these have resulted in new opportunities for local affordable housing developers and produced more affordable units through the Inclusionary Zoning Ordinance.

## **Buffering the Effects of Rent Control**

In 1995, rent control was eliminated through a statewide ballot initiative. Consequently, the costs of housing in Cambridge have risen dramatically especially with the rise in acquisition and construction costs in the greater Boston area and with low vacancy rates. Since 1995, Cambridge has made significant contributions to increasing affordable housing through the Cambridge Affordable Housing Trust's CITYHOME program. The Trust provides funding for housing development, preservation, and improvement. Cambridge is one of the few localities nationwide that spends significant local funds on affordable housing efforts. To date, the

CITYHOME initiative has received over \$42.5 million in Trust funds to finance the development of new units, including \$8.5 million in FY2004.

### **Leveraging Available Public & Private Funds**

The Community Preservation Act (CPA) is a new financing tool for communities to leverage funds to preserve open space, historic sites, and affordable housing. In spring 2001, the Cambridge City Council endorsed the state's Community Preservation Act (CPA) and voted to place it on the ballot in the November 2001 election. City voters adopted the CPA allowing the City to receive CPA match allocation from the state. The CPA has generated additional resources for housing development through 3% surcharge on local property taxes and the state's matching funds. The adoption of CPA by Cambridge residents provides funding for the next five years, leveraging HUD funds.

High acquisition and construction costs, low vacancy rates, and a strong economic sector have had a tremendous impact on the cost of housing in the Cambridge market. Continued escalation of the cost of housing results in fewer units created with federal, state, and local dollars. In Spring 2003, the CPA committee appointed by the City Manager, held its second public hearing on needs and priorities of residents. Affordable housing was overwhelmingly the key issue and the committee voted to appropriate the available funds in the following way, 10 % for open space, 10% for historic preservation, and 80% for affordable housing. A total of \$8.4 million was allocated for housing development in FY2004. The allocation process for FY2005 CPA funds is now underway.

### **Addressing Competing Concerns of Neighborhood Residents**

There are competing demands among residents in Cambridge. Several of the primary conflicts exist between the desire for more housing but limited tolerance for increased pressure on parking, traffic, and open space. The City has considered several strategies to address and remove existing barriers. The strategies include: public education; using prior successful affordable housing developments as examples of good development with minimal impact on the neighborhood; increased funds for various uses (e.g., through the Community Preservation Act); and intensive work with neighborhood residents to try to develop support to offset potential opposition. However, with Cambridge being a densely populated City, it will always have the difficult issue of competing uses for any remaining undeveloped land.



## Strategies for Affirmatively Furthering Fair Housing

The following section addresses the City's efforts to further fair housing for all Cambridge residents.

- **Fair Housing Committee and Homeless Steering Committee:** The City established committees and programs to address fair housing needs, including a Fair Housing Committee and Homeless Steering Committee that are active in initiating educational and outreach programs to further fair housing. Housing division staff serve as active members on these committees.

With the Federal Government's dissolution of the Community Housing Resources Board Program, the City of Cambridge established a Fair Housing Committee in 1994 to continue some of the CCHRB activities as well as initiate new educational and outreach programs to further Fair Housing in Cambridge. The Fair Housing Committee is composed of over 30 representatives of housing users and providers, minority and disabled agencies, and other appropriate groups. It is chaired by the Executive Director of the Cambridge Human Rights Commission.

- **City's Human Rights Commission:** The Commission investigates allegations of discrimination and continues its commitment to ensure compliance with Title VIII of the Civil Rights Law of 1968, and the 1988 Amendments that expanded the existing legislation to prohibit housing discrimination against disabled individuals and families. The City's Human Rights Commission receives HUD funds and City funds, for mediation, public hearings, and awarding of damages for cases under fair housing laws.

**Public Education and Community Outreach:** The Community Development Department hosted and attended community meetings and housing events throughout the City to inform residents of services, projects and programs active in the City. Many of the events are held annually. Some of the outreach events include International Parent Teacher Night, National Night Out, Danahy Park Family Day, and the Cambridge River Fest. Housing staff uses outreach opportunities to disseminate information on City's housing services and speak one-on-one with residents. It also hosts public meetings to gauge current community needs through the One Year Action Plan Public Meetings, and the Community Preservation Act Public Meetings. The following are descriptions of several community outreach efforts by the City.

*Referral Services* ~ The Community Development Department also provides referral services to Cambridge residents from directing them to organizations in the City that can meet their various housing and social service needs, as well as providing individual counseling. In FY2004, Housing staff responded to over 5,922 inquiries concerning housing services and entered 704 new households in the housing database, households who will be notified each time units are available. It also completed a new affordable housing database and created a new housing brochure in English as well as Creole and Spanish to be distributed citywide. The brochure discusses the housing services available in the City Cambridge and their contact information.

*Loan Program Sessions* ~ Housing Staff attends loan program sessions held by local banks to introduce new products available for assisting low and moderate income households. Program information is then shared with the City's First Time Homebuyer participants, through first time homebuyer classes and individual counseling.

*Application Help Sessions* ~ These sessions guide participants through the application process for rental or homeownership units marketed by the division.

*Hoops-N-Health* ~ The Hoops 'n' Health event is hosted by the Cambridge Public Health Department. The event is heavily attended by community and serve as a good outreach for the Community Development Department and other City agency's that attend annually with displays to share program information. The highlights of the Hoops and Health event are sports tournaments with a comfortable introduction to health care topics mental health related services.

*Cambridge Fair Housing Month Conference* ~ April is Fair Housing Month in Cambridge. The City annually hosts the Cambridge Fair Housing Forum. This program is presented by the Cambridge Human Rights Commission/Fair Housing Committee, the Commission for Persons with Disabilities, Lead Safe Cambridge, Cambridge Community Development Department and the Cambridge Multi-Service Center. The objective of the conference is to highlight Cambridge's Affordable and Fair Housing Initiatives, addressed current and future housing issues anticipated, and strategies to prevent discriminatory and unfair housing practices. It provides a forum to dialog with representatives of Cambridge's Housing Advocates, City Departments and Fair Housing Agencies. The Cambridge Human Rights Commission also hosted a Fair Housing Month Celebration.

- **Creation of Proactive Zoning Policies:** In 2001, the City Council passed a citywide rezoning initiative. The new zoning makes housing an allowable use in all districts, rezoned numerous districts to housing, facilitated the conversion of industrial buildings by streamlining the permitting process, and reduced commercial FARs, thereby increasing a developer's incentive to build housing. Each initiative foster new opportunities for local affordable housing developers and produce affordable units through the Inclusionary Zoning Ordinance.
- **Tenant and Landlord Support:** The Community Development Department supports programs and services administered by local agencies to further fair housing. While funding was severely reduced by the state these programs managed to continued to operate in fiscal year 2004 with federal and city funds.

*Tenant/Landlord Mediation Services:* With funding from the City, Just A Start Corporation administers a tenant/landlord Mediation Services Program. The Agency receives \$62,400 in City funds to administer, develop, and implement this program.

*City of Cambridge Multi-Service Center:* This center provides housing search services,

referrals to shelters, and limited emergency funds.

*Cambridge and Somerville Legal Services (CASLS):* CASLS provides free legal services for low-income residents.

*Tenant Organizing for Expiring Use Buildings:* With support from the City, the Cambridge Economic Opportunity Corporation (CEOC) employs a full-time Tenant Organizer whose responsibility it is to organize and mobilize tenants at risk of being displaced from federally-assisted buildings when its affordability restriction expire. CEOC receives \$35,000 annually from the City for this program.

*CEOC Lead Neighborhood Work-groups:* Funded and supported by the City, the Cambridge Economic Opportunity Council (CEOC), coordinates participant-driven work-groups that address housing issues. These work-groups include the Cambridge Expiring Use Tenant Committee; the Public Housing Tenant Work-Group; LBJ Association; and Fresh Pond Tenant Association; and Haitians in Action at CEOC. During the fy2004 fiscal year 335 tenants participated in these activities. CEOC's staff provide support to tenant associations and work-groups including review of changing state and federal legislation which may affect the management, rent and leases at property where they reside; the production of informational flyers; translation services; assistance in agenda preparation; and meeting facilitation.

## **Affordable Housing**

As described throughout this report, the City of Cambridge has adopted a multi-faceted approach in its commitment to preserving, creating and stabilizing the City's affordable housing stock. To this end, the City offers a wide range of programs and services.

### **Non-Profit Acquisition and Development of Multifamily Properties:**

In FY2004, 12 rental units were created through this program. Through the City's acquisition and development program, non-profit organizations in Cambridge and the Cambridge Housing Authority acquire and rehab existing buildings and/or develop new housing to provide affordable units. Projects funded with City dollars are restricted as affordable units by a long-term deed restriction held by the City.

**First-time Homebuyer Program (FTHB):** In FY2004, 25 affordable homeownership units were created and 31 households were assisted with purchasing units through the FTHB program. Housing staff hosted 10 First Time Homebuyer classes, a multifamily class for persons interested in multifamily buildings, and a post-purchase class. Two (2) additional FTHB classes were held in Creole and Spanish. Approximately 461 people participated, and 164 received one-on-one counseling. The City's housing staff also worked with residents assisting them to access special mortgage products such as Purchaser Assistance funds (for down payment and closing costs), the Soft Second Loan Program and Acorn financing.

**Preservation of Expiring Use Restriction Properties:** In FY 2004, the City successfully completed rehabilitation of 42 family-size units at CAST after successful negotiations to extend its affordability and save the units from becoming market rate housing. Successful negotiations between the City and owners resulted in the refinancing and extension of affordability terms of 23 units at the Church Corner Apartments. The City is also considering intervention strategies for another expiring use project, the 17-unit Fogerty Building. In order to preserve federally assisted rental housing and other developments with expiring restrictions, the program provides technical and financial assistance to tenants, owners, and non-profit developers working with these properties.

**Affordable Housing Rehab Loan Program:** In FY2004, CNAHS assisted in financing the substantial renovation of 11 affordable units through the Cambridge Neighborhood Apartment Housing Services (CNAHS) Multifamily Rehabilitation Program. CNAHS, in collaboration with the City, provides low-interest rehabilitation financing to private owners of multifamily properties in return for a set-aside of affordable units.

**Home Improvement Program (HIP):** In FY2004, 54 units were rehabilitated through this program. HIP is a low-interest rehabilitation loan program for low and moderate-income owners of one to four-unit buildings. The City, in collaboration with Homeowners Rehab. Inc. and Just A Start, provides funds to owners of multi or single-family homes to renovate properties to meet HUD, State and City building code requirements, with the agreement that rents will be kept affordable to low and moderate income households.

**Inclusionary Zoning:** The Inclusionary Zoning Ordinance requires developers of any new or converted residential development with 10 or more units to provide 15% of the units as affordable housing. In FY2004, the City secured 8 units through affordable housing covenants in the Inclusionary Zoning Program and began discussions with private developers that will secure additional units over the next few years. To date, 141 units have been created through the program, 34 homeownership and 107 rental units.

**Incentive Zoning:** The Incentive Zoning Ordinance (Linkage) requires that non-residential developers require a Special Permit that authorizes an increase in the permissible density or intensity of a particular use, mitigate the impact of their development through a contribution to the Affordable Housing Trust. In FY2004, the City received a linkage payment or Incentive Zoning contributions for \$918,468 to the Cambridge Affordable Housing Trust (CAHT).

Through these innovative programs and policies, the City provides new affordable housing opportunities in mixed-income developments and leverages funds from non-residential developers in Cambridge to further housing production.

### **Other City-Sponsored Services**

- *Tenant/Landlord Mediation Services:* With funding from the City, Just A Start Corporation administers a tenant/landlord Mediation Services Program. The Agency receives \$62,400 from the City annually to administer, develop, and implement this program.
- *Tenant Organizing for Expiring Use Buildings:* With support from the City, the Cambridge Economic Opportunity Corporation (CEOC) employs a full-time Tenant Organizer whose responsibility it is to organize and mobilize tenants at risk of being displaced from federally-assisted buildings when their affordability restriction expire. CEOC receives \$35,000 annually from the City for this program.
- *City of Cambridge Multi-Service Center:* This center provides housing search services, referrals to shelters, and limited emergency funds.
- *Cambridge and Somerville Legal Services (CASLS):* CASLS provides free legal services for low-income residents.

### **Housing for Individuals with Disabilities**

The City ensures that its non-profit sponsored developments comply with the American with Disabilities Act to provide handicap accessible units. In addition, the City seeks to ensure that it secures handicapped accessible units as part of the Inclusionary Zoning Ordinance. Housing staff

works closely with the Commission on Persons with Disabilities to market units to appropriate households.

Through its partnership with CASCAP Realty Inc., a local non-profit housing developer and service provider, the City develops units specifically targeted to persons with mental health issues. CASCAP concentrates on the delivery of housing to single individual households as well as the mentally disabled population, and is also skilled in the rehabilitation and development of properties and in the management of group homes and single room occupancy dwellings with a social service component. In FY2004, CASCAP completed construction and received its certificate of occupancy for 7 units at 196 Auburn Street, after transforming a former lodging house into two (2) one-bed-room and five (5) studio apartments.

### **Worst Case Needs**

The City of Cambridge requires that affordable housing developers submit a tenant marketing and selection plan. The City addresses households with worst-case needs through a "priority point system" established by the City that reflects HUD's guidelines. Priority is given to households with children under 18 who are in need of family-sized units to ensure that children are appropriately housed in lead-free units. Priority is also given to households with an emergency situation, such as those paying more than 50% of their income in rent, are living in a unit that is not decent, safe and sanitary, households in overcrowded homes, or those who are being involuntarily displaced.

## **OTHER ACTIONS**

In the Five-Year Consolidated Plan written in 2000, the City identified impediments to developing affordable housing for the City's low-income residents, and continues to address those needs in various ways (see the discussion on Affirmatively Marketing Fair Housing). In addition, the City has identified other key strategies to the successfully deliver of affordable housing programs and services. These strategies include continued collaboration among key institutional structures at the federal, state and local levels, which has helped to improve public housing policies and resident initiatives, and evaluate and reduce lead based paint.

### **Institutional Structure & Enhanced Coordination**

In FY2004, Cambridge continued to collaborate with and further develop its relationship with federal, state and local policy makers, funders, tenant groups, and service providers through formal and informal networks

#### ***Federal***

Cambridge continues to work with the U.S. Department of Housing and Urban Development (HUD) on policy, program, monitoring, and funding. Projects would not be feasible without the financial support received through the CDBG and HOME programs. Federal funds awarded to the City leveraged more than \$24 million dollars in fy2004.

In FY 2004, the City continued to implement its annual monitoring scheme to verify that its non-profit developers and Community Housing Development Organizations (CHDOs) comply with rules and regulations that are required by HUD, the State, and the City. In fiscal year 2004 file monitoring and site inspections were conducted on 520 units.

Cambridge non-profits and CHDOs also coordinated services through contracts for program delivery of affordable units. Federal funds support the administration of the Rehab Assistance and Home Improvement Programs administered by Just A Start Corporation, and the CNAHS and HIP programs administered by Homeowners' Rehab. As the City's nonprofits operate community service programs on an ongoing basis, and are invited to contribute to the City's policy, program development, and annual reports. Cuts to the state budget makes federal funding a critical component to the ongoing health and stability of these Agencies.

#### ***State***

The City has a strong working relationship with the Massachusetts Department of Housing and Community Development (DHCD) and other state agencies that provide regular and ongoing support to the City's affordable housing development organizations. While cuts in the state budget decreased funds available to create new affordable units in Cambridge and other parts of Massachusetts, our non-profits successfully endured very competitive application review rounds at DHCD to secure funds in FY2004.

Homeowner's Rehab was successful in securing low income housing tax credits (LIHTC), Affordable Housing Trust funds, and HOME funds from the state for the Trolley Square development which will create 40 new affordable units. The City also provided support for this project and will ensure the long-term affordability of the units through its affordable housing agreement.

### ***Local***

Cambridge has a number of successful groups and committees, discussed below, that currently collaborate to provide an effective delivery system for affordable housing production and social services throughout the City. The City also provides over \$1million in annual contracts with nonprofit housing agencies for the operation of housing programs, and professional service providers for the division's projects.

The Cambridge Housing Authority (CHA) is one of the highest performing authorities in the country. The CHA works collaboratively with local non-profit housing developers to use project-base Section 8 certificates in proposed developments, significantly increasing the financial feasibility of these projects. They also assist in marketing Inclusionary Zoning units to very low-income households with Section 8 Certificates, and supporting the City's housing initiatives by attending and participating in public outreach events. The City also supports the CHA's housing acquisition efforts, and has funded several of its development projects through HUD entitlement CDBG and HOME funds, and Cambridge Affordable Housing Trust funds.

The City of Cambridge Multi-Service Center offers a wide range of services from homelessness prevention, emergency shelters, transitional housing, to emergency funds. Both the Community Development Department and Human Service Department communicate and collaborate regularly to serve as wide a range of persons as possible throughout the City.

The Cambridge Affordable Housing Development Working Group has met regularly since 1995, end of rent control, to coordinate affordable housing development efforts, and share progress, ideas and expertise in addressing difficulties in the housing development process. This group is made up of staff from the Community Development Department's Housing Division, the Cambridge Housing Authority, Just A Start Corporation, Homeowner's Rehab, Inc. and CASCAP Realty, Inc.

The Cambridge Affordable Housing Trust is a nine-member independent City board comprised of experts in the fields of affordable housing policy and finance, banking, real estate, housing development, and housing advocacy. The Trust serves as both a policy advisory board and the loan committee for new development projects. In FY04, the City Council appropriated \$8.48 million through the Trust and Community Preservation Act to support affordable housing development.

Cambridge has a Fair Housing Committee and Homeless Steering Committee that are also active in initiating educational and outreach programs to further fair housing. The Community Development Department monitors progress on implementing measures to combat Impediments to Fair Housing, and will complete its next Fair Housing Plan in Fy2005 to be submitted with the



new Five Year Consolidated Plan. The Fair Housing Plan consists of an Analysis of Impediments to Fair Housing, an Action Plan to address impediments that were identified, and a Plan for maintaining records and fulfilling report requirements. Cambridge completed its Fair Housing Plan in 1999, in collaboration with various City departments; the Human Rights Commission; the Cambridge Commission for Persons with Disabilities; the City Assessor's Office; the City's Affirmative Action Office; the Department of Human Services Programs and the Cambridge Housing Authority, as well as with nonprofit groups such as Homeowner's Rehab, Inc., Just A Start Corporation, CASCAP Realty Inc., and CASPAR.

The City also maintains strong working relationships with neighborhood groups and housing advocates that support affordable housing development in the City. Local support for housing has been one of the central factors contributing to the success of housing developers and service providers.

### **Public Housing Improvement and Resident Initiatives**

#### *Cambridge Housing Authority*

This past year, the Cambridge Housing Authority (CHA) continued its participation in HUD's Moving To Work Deregulation Demonstration program (MTW), as one of a handful of housing authorities with a comprehensive program taking advantage of the significant regulatory and fiscal flexibility the Demonstration allows. MTW helped facilitate the CHA's progress on a number of important fronts.

#### *PUBLIC HOUSING*

**Capital Improvements and Extraordinary Maintenance Efforts:** Modernization and extraordinary maintenance were strongly emphasized during Fiscal Year 2004, as the preservation and continued viability and quality of the in-place stock is viewed as the most fundamental mission of the Authority. As part of the MTW Deregulation Demonstration budget planning and implementation process, CHA continues to take advantage of fungibility in order to address capital needs using both the capital and operating budgets to fund capital and extraordinary maintenance. By the end of FY 2004, nearly \$9.9 million was expended in capital improvements and extraordinary maintenance. This is indicative of the large-scale projects CHA has undertaken and reflects the comprehensive approach used to address rehabilitation needs of the CHA housing stock. While the HOPE VI Revitalization of JFK Apartments accounts for a large part of the increase, this level of capital spending will continue over the next few years, as the modernization of CHA's large elderly developments will be underway.

**Miller's River Self-ESCo/Energy Performance Contracting:** At the Miller's River Apartments, a 302 unit elderly high-rise, the 30-year-old electrical heating system will be replaced with state-of-the-art gas-fired condensing boilers; new domestic hot water service and a new heat distribution system with baseboard radiators that will allow the apartments to be energy efficient. Through MTW, the CHA can function as its own ESCo and retain the significant savings realized through self-management, construction oversight and the reduction in ongoing

energy maintenance costs associated with the project. The \$2.5 million project is being funded in part by a \$1.7 million tax-exempt municipal lease that the CHA secured for 12 years at a very favorable 4.29% rate as well as funds from HUD's Capital Fund Program (CFP). The debt service on this lease will be fully covered with savings achieved by the project. In addition to the tax-exempt municipal lease and CFP funding, CHA obtained approximately \$60,000 in additional funding through a unique arrangement to sell CO2 gas emission reduction credits resulting from the project. Work to implement the energy savings project began in June 2004.

**Public Housing Occupancy:** The CHA continues to serve more program participants in its MTW-related programs than it would have absent the demonstration, particularly in the case of leased housing. In elderly housing, the authority is currently holding units off-line for modernization in order to address the significant needs of the elderly developments for new kitchens and baths, as well as building exterior work. The waiting lists for both conventional and leased housing have increased over the past year, underscoring the significant need for affordable housing in Cambridge. Rent policies and income diversification continues to be successful elements of CHA's MTW program.

**Public Housing Program Management:** The CHA continued its strong performance on the following indicators -

**Inspections:** The CHA inspected 100 percent of its conventional public housing inventory in the past year, excluding units off-line for modernization.

**Work Orders:** Work order response time averaged less than five days.

**Rent Collections:** Rent collections were at 99 percent of the total of CHA's issued rent statements.

**Occupancy:** The CHA's combined adjusted occupancy percentage for its conventional public housing inventory was 99 percent.

**Security:** The CHA's security program continued their enforcement and prevention strategies, even with the termination of HUD's PHDEP Program. Although security activities are reduced in scope due to the reduction of financial resources, there are efforts being made to control crime and keep CHA developments as safe as possible even when these efforts are severely hampered and in some cases ending.

**Management Practices:** The CHA continued its evaluation and refinement of budgeting practices and procedures for managers on policies and procedures.

**CHA Resident Survey:** The CHA conducted a citywide Public Housing Resident Satisfaction Survey to gauge resident opinions on a range of management, maintenance, safety, social service and other factors. The results were strong: An average of 85% of the residents surveyed were satisfied with the overall conditions of their CHA units; 88% were satisfied with maintenance; 91% were satisfied with the way they were treated by CHA Office Staff; and 92% of the residents felt safe in their housing units.

**Community Service and Economic Self-Sufficiency Policy:** The Quality Housing and Work Responsibility Act of 1998 (QHWRA) required that all housing authorities implement a community service and economic self-sufficiency policy for public housing residents. In FY 2004, PHAs nationwide were instructed to implement the Community Service and Economic Self-Sufficiency Policy by July 1, 2004. The CHA notified all federally assisted housing residents as required by HUD. Public meetings were held in several developments, the CHA Board of Commissioners adopted a Community Service and Self Sufficiency Policy in December 2003 and implementation of the policy began March 1, 2004.

**Independent Testers:** As part of its development choice implementation, the CHA used independent testers through the Fair Housing Center of Greater Boston in order to assure that development choice is not being implemented in a discriminatory manner, and that no pattern of discrimination exists.

#### *LOCAL LEASED HOUSING PROGRAM*

The CHA continued to operate its Local Leased Housing Program during fiscal year 2004. Program utilization of MTW units grew to 1640, reflecting 103% utilization of authorized units. This increase came despite efforts to decrease utilization and mostly reflects previously committed PBA units coming on line as well as those applicants obtaining “emergency status.”

**Implementation of a Project Based Leased Housing:** The CHA established a modified Project Based Local Leased Housing initiative. This competitive process allows qualified owners to apply for project-based units throughout the year subject to funds availability. By utilizing the project-based program, developers and owners are able to seek tenants directly from the 8,000-applicant waiting list. Unfortunately, the high utilization rate coupled with the low attrition rate puts the future of this valuable tool for the creation of long term affordable housing at a risk. The CHA has opted to cease the acceptance of applications in FY 2004 in order to reassess utilization numbers and attrition rates.

**Preservation of State MRVP and AHVP Programs:** The CHA continued to implement changes to the state Massachusetts Rental Voucher Program. Under this component of MTW, the CHA utilized federal resources to augment the state subsidy program, thus making state program rent levels equivalent to Federal Leased Housing FMRs.

**Leased Housing Inspections:** The CHA inspected and ensured that 100% of the leased housing units met Housing Quality Standards.

**Waiting List:** The CHA elected to close the Leased Housing waiting list in FY 2004 based on the limited availability of program resources and over utilization.

**Ensuring Rent Reasonableness:** Rent reasonableness determinations were made at initial occupancy and prior to granting rent increases for 100% of all leased units.

Deconcentration: The CHA's program participants leased units throughout Cambridge. A number of the Local Leased Housing Program initiatives were focused on maintaining and expanding this diversity. The Authority's deconcentration policy monitored the number of apartments leased, by census tract, in order to ensure that balanced housing patterns are sustained.

### *AFFILIATE HOUSING*

An important initiative for the CHA in FY04 was preliminary planning around the needs of the current elderly population of Cambridge and preparation for the impact of the baby boom generation that will increase the number of elderly as it ages. With increasingly large number of elders growing frail, CHA has reoriented its approach to resident services. Together with local service providers, CHA has created a network of support and programming to serve the elderly/disabled population. Additionally, the CHA is proceeding with other innovations around elderly housing, including marketing efforts, modernization of elderly sites, an extension of CHA's elderly allocation plan, and the implementation of senior enriched housing services.

Partnership with the City and its Affordable Housing Trust: The Cambridge Affordable Housing Trust (CAHT) and the City of Cambridge committed critical funding sources totaling more than \$6 million dollars over the part five years to the Cambridge Housing Authority and its affiliated organizations in order to expand the supply of affordable housing options in Cambridge.

Harvard Housing Innovations Fund: Funds from the Harvard Housing Innovations program are currently being used in four acquisition and construction projects in development: 217 Western Avenue, 8-10 Lancaster Street, 6 Ashton Place, and 195 Prospect Street. The four funding packages total \$2.25 million dollars.

Condominium Acquisition Program: In an effort to secure additional affordable housing units in an extremely tight housing market, the Cambridge Housing Authority and its non-profit affiliate, the Cambridge Affordable Housing Corporation (CAHC), continued the Condominium Acquisition Program (CAP) in FY 2004. Approximately 12 months into the recapitalized program, CAHC acquired five 1-BRs, five 2-BRs and one 3-BR unit, for a total of eleven units purchased under CAP.

Leveraged Acquisitions: CHA continues to explore several models of leveraged acquisitions under the MTW Program. They include leveraging of low-income housing tax credits, bonds, Affordable Housing Program Funds through the Federal Home Loan Bank of Boston, HOME Funds through both the City of Cambridge and State Division of Housing and Community Development (DHCD) along with other financing mechanisms available for development of affordable housing units in Cambridge.

Homeownership: The CHA seeks to expand homeownership opportunities for the low-income residents of Cambridge, albeit on a modest scale. Although the Authority had set its sights on a Section 8 homeownership program, several setbacks have delayed planning and implementation

of a pilot homeownership program in FY 2004, including the absence of new Section 8 vouchers. Efforts will continue in FY 2005.

**Neville Place at Fresh Pond:** The conversion of the existing Neville Manor Nursing Home into a 71-unit mixed income assisted living facility was completed in November 2002, with full occupancy achieved in 2003.

**Neville Center at Fresh Pond:** The conversion of an existing skilled nursing facility to a mixed-income assisted living facility, is being followed by construction of a new, 112 bed skilled nursing facility on an adjacent part of the Neville site. This component of the redevelopment is particularly important at a time when the City of Cambridge has lost over 50 percent of its skilled nursing home beds in the last four years. Funding for the facility, provided by a HUD-insured loan funded through tax-exempt bonds, was secured in January 2003. Construction commenced immediately upon financing, and was completed in May, 2004.

**HOPE VI Revitalization of John F. Kennedy Apartments:** The CHA completed the HOPE VI Revitalization of John F. Kennedy Apartments, completing the renovation of 44 public housing units and the creation of a 25-unit assisted living facility. The project was declared substantially complete in December 2003. All residents relocated for construction have returned to the development.

**Affiliate Asset Management:** As CHA's stock of assisted housing expands, the issues surrounding scattered site management have grown. An assessment of CHA's internal management and financial systems occurred, property management procedures were evaluated and the asset management needs for 313 units of privately held housing were explored. An implementation plan was formulated resulting in the restructuring of management activities for affiliate units.

## RESIDENT PROGRAMS

**Reinvention of Family Self Sufficiency Program (FSS):** In FY2004, the CHA continued to implement a broad range of supportive services and economic development programs targeted to both its Family and Elderly resident communities. Programs focused on addressing the needs of youth, seniors and other age groups and/or specific CHA developments. The CHA restructured and integrated its Family Self Sufficiency initiative with its Economic Development and Supportive Services in order to leverage the internal programs and linkages, while forging partnerships with the community organizations best able to provide the many customized sub-services crucial to FSS program participants.

**Resident Programs and Economic Development:** The CHA's resident programs have met annual goals with the CHA/Cambridge Employment Program (CEP) serving 187 residents in FY 2004. In addition, 78 adult speakers of other languages enrolled in the Gateways Adult Literacy Program; 334 residents attended the Community Computer Center, 16 High School graduates participated in the Bridge to College Program and 145 young adults attended post secondary education through the First Generation to College retention Program.

Elderly Innovations: The CHA continues its efforts to take the lead in providing affordable housing options and support services to the aging population of Cambridge. The CHA secured grant funding to secure staffing and expand service coordination at six elderly complexes. These coordinators partner and network with qualified, local service agencies provide health care and recreational programs to seniors.

### **Evaluate & Reduce Lead Based Paint Hazards: Lead-Safe Cambridge Program**

Since 1994, a series of four concurrent HUD grants totaling \$10.2 million dollars have supported the work of the Lead-Safe Cambridge (LSC) program. This year LSC submitted a renewal application to HUD for a fifth round of funding. LSC strives to achieve two major policy goals: increasing access to affordable lead-safe housing for poor families, and preventing the lead poisoning of Cambridge children. LSC has been the recipient of several prestigious awards. In 1999, the program's "Safer Soil" project was recognized for its innovative approach to addressing an environmental problem through landscape design by receiving an American Society of Landscape Architects (ASLA) Merit Award. In 2000, LSC received the "2000 HUD Best Practices Award of Excellence" for its work in creating affordable lead-safe housing and reducing lead poisoning rates in Cambridge, and in 2003, was the proud recipient of the eighth "Innovations in Fair Housing Award" from the Cambridge Human Rights Commission.

In fy 2004, leadsafe deleaded 65 residential units occupied by low and moderate income households, provided landscaping services to treat leaded soil in 18 homes, monitored 357 units for compliance with affordable housing covenant which received lead safe funds in past years, and sponsored 50 community events to inform participants of the dangers of lead and services available at the City for Cambridge residents. Events were attended at the Harvest Coop, May Fair, Water Week, Fletcher-Maynard Academy (3), Vehicle Road Show, Pemberton Garden Center, Mahoney Garden Center, Health & Safety Fair, Hoops 'n Health, Maple Ave. Park, and a HUD Conference Soil Session.

## Leveraging Resources

In FY2004, the City's CDBG and HOME funds for housing programs leveraged \$23,525,000 in public and private funds for programs and development projects. The sources and amounts are listed on the chart below. Match requirement for the HOME program for FY2004 is \$156,420.50.

### FY 2004 ALL LEVERAGED FUNDS - HOUSING PROGRAMS

SOURCES	TOTALS
<b>STATE SOURCES:</b>	
LIHTC	3,637,811
DHCD - Housing Stabilization Funds III	2,234,156
MASSACHUSETTS Housing Finance Agency (MHFA)	18,770
AmeriCorps - Mass Service Alliance (State)	166,400
State CIP	840,000
State Department of Education (State Youthbuild)	65,555
State Mass Dev't	76,000
Mass Affordable Housing Trust	1,043,962
SMOC Energy Rebates	14,788
State Bond \$/ Housing Stabilization	114,071
SUB-TOTAL	8,211,513
<b>LOCAL/CITY SOURCES:</b>	
Cambridge Historic Commission	199,632
Cambridge Affordable Housing Trust	2,370,651
Cambridge Mayor's Program	12,000
SUB-TOTAL	2,582,283
<b>PRIVATE &amp; NON-PROFIT EQUITY SOURCES:</b>	
Owner Contribution	51,877
Associate Grant Makers (AGM)	19,500
Other Private	291,389
Commonwealth Corporation (Center for Youth Development & Education)	15,000
Cambridge Housing Authority (CHA)	22,836
CNAHS	246,000
Cambridge Harvard 20/20	650,000
CHC	33,000
Revolving Loan Funds (RLF)	803,186
Bank (buyers & buyers Bank)	301,000
Bank	7,200,811
CEDAC	576,000
Boston Community Capital	680,000
Project Reserves	1,715,603
Non-CDBG/ RLF	125,002
SUB-TOTAL	12,731,204
<b>GRAND TOTAL OF LEVERAGE FUNDS</b>	<b>23,525,000</b>

### SUMMARY OF LEVERAGED FUNDS

<b>TOTAL STATE:</b>	<b>8,211,513</b>
<b>TOTAL LOCAL/CITY:</b>	<b>2,582,283</b>
<b>TOTAL PRIVATE SOURCES:</b>	<b>12,731,204</b>
<b>GRAND TOTAL:</b>	<b>23,525,000</b>

In addition to program and project delivery funds, the City of Cambridge, through its CDBG and ESG programs, contributes to the operating costs of various shelters, transitional and permanent housing via subcontracts. Funds provided under these subcontracts represent a small but critical proportion of the agencies' operating budgets, which are funded primarily from other sources, and leverages a substantial amount of private and public funds.



## Self Evaluation

The City of Cambridge has a multi-faceted approach to delivering affordable housing to its residents. The costs and supply of housing, limited availability of subsidy, competing pressure for land uses, and pressure to keep the density of new development low are the challenges faced by the City in preserving the existing units and creating new housing. It currently has approximately 6,800 units which represents about 15% of all housing units in the City. The chart below summarizes the City's production and achievements in Fiscal Year 2004, which are discussed throughout this report. Each activity below received funding from HUD and the City, and leveraged over \$24 million in other private and public resources.

### FY2004 Accomplishments

Housing Objectives	FY 2004 Production	Comments for Current Year's #s
Obj 1: Preservation of existing affordable units: Implemented to preserve existing rental units.	75	<ul style="list-style-type: none"> <li>Church Corner 23 units</li> <li>Cast 42 Units</li> </ul>
Obj 2: Creation of new rental units: Implemented to increase supply of affordable rental units, stabilize communities, remove blight and stabilize neighborhoods.	25 + 44 <hr/> 63 Total	<ul style="list-style-type: none"> <li>11 through the CNAHS Program</li> <li>8 through the Inclusionary Zoning Program</li> </ul> <i>Under development by Non-profits (44 units)</i> <i>6 Cambridge Street</i> <i>6 CHA Condo Acquisition</i> <i>32 Trolley Square</i>
Obj 3: Creation of New Homeownership Units: Implemented to increase supply of affordable family size units, stabilize communities, and increase property values and neighborhood tax base.	25	New Units created <ul style="list-style-type: none"> <li>7 FTHB Program</li> <li>2 through the Inclusionary Zoning Program</li> </ul> <i>Under development by Non-profits</i> <i>8 Trolley</i> <i>8 Joyce Chen</i>
Obj 4: Stabilize 1-4 unit owner occupied Buildings: Implemented to increase property values, reduce blight, increase affordable rental units, and increase neighborhood tax base.	39	<ul style="list-style-type: none"> <li>Units are created through the Home Improvement Program (HIP) where low and moderate-income households apply for funds to renovate their 1 to 4-family home to meet City building codes.</li> </ul>
Public Outreach & Resident Inquires Fielded: Implemented to educate residents and guide them to housing services to improve their quality of life.	7,008+ persons 6 Events	<ul style="list-style-type: none"> <li>5,922 Request for information &amp; referrals</li> <li>5 Outreach events across Cambridge</li> <li>704 Households added to database.</li> </ul>
First-Time Home Buyer Classes & Counseling: Implemented to stabilize neighborhoods through education and increasing the percentage of ownership units in neighborhoods.	461	461 Households assisted by the FTHB program <ul style="list-style-type: none"> <li>31 households assisted purchased homes</li> <li>164 receive one-on-one counseling</li> <li>10 workshops were held</li> <li>1 multifamily class was held</li> <li>2 Special FTHB Class in Creole &amp; Spanish</li> <li>7 household at 80-120% AMI participated</li> </ul>
Rehabilitation Assistance Program (RAP): Implemented to improve neighborhood stability by renovating both new and existing affordable units.	152 103	<ul style="list-style-type: none"> <li>152 Youths Participated and trained</li> <li>Number of units renovated by RAP crews</li> </ul>
Tenant and Landlord Mediation: Implemented to stabilize communities by empowering tenants to	520	<ul style="list-style-type: none"> <li>Clients assisted by non-profit contractors</li> </ul>

reduce displacement and improve quality of life.		
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## **HOME Narrative**

### **Overview of HOME Program in Cambridge**

The City of Cambridge receives entitlement funds under a grant agreement with the United States Department of Housing and Urban Development (HUD) for the HOME Program. Since the program's inception in 1993 the City has received \$10,036,327 in HOME funds, including \$1,180,327 received in FY2004, and has created approximately 620 HOME units. It anticipates receiving \$1,180,274 in HOME funds FY2005.

With the HOME funds it receives from HUD, the City provides loans to support the acquisition, new construction, and rehabilitation of eligible affordable rental and homeownership residential units. As required by HUD, 15% of the City's HOME funds are used specifically to support local Community Housing Development Organizations (CHDOs), to create affordable rental and homeownership developments projects.

The City's HOME Coordinator works with development project managers and community non-profits to apply federal regulations to HOME funded programs and development projects; ensure that approvals needed from HUD are acquired; that required record keeping is maintained for projects; and monitors HOME funded projects. Projects are closely monitored throughout construction by the City's Construction Specialist and subsequent monitoring involving property inspections and tenant and program file reviews are conducted each year on a HUD specified schedule. Projects with 1-4 units are monitored every 3 years, projects with 5-25 units are monitored every 2 years, and projects with 26 or more units are monitored annually. The City monitored over 520 units this year.

### **FY2004: HOME Development Projects**

#### ***146 - 151 Prospect Street: Sponsor, Just A Start Corporation***

The project known as Scouting Way will provide 13 units of affordable housing, and is sponsored by Just A Start Corporation, a local Community Housing Development Organization (CHDO). HOME funds will be used to assist in the acquisition, construction and permanent financing of the property. Eleven (11) of the units will be designated as HOME units. Construction began in FY2004. The City has committed \$650,000 in HOME funds to the Prospect Street development.

#### ***390 Rindge Avenue in Cambridge, MA ~ Joyce Chen: Sponsor, Just A Start Corporation (JAS)***

JAS will also develop affordable homeownership units on the former Joyce Chen restaurant site located at 390 Rindge Avenue in Cambridge, MA, which will consist of eight units (four three-bedrooms and four two-bedrooms). All eight (8) units are designated as HOME units and will be sold to households whose total income at the time of the purchase does not exceed eighty percent (80%) of the median income of households in the Boston MSA adjusted for family size as defined by HUD. Each unit will be restricted for the term of 50 years. The City has committed \$790,000 in HOME funds to this project.

***Trolley Square Redevelopment: Sponsor, Homeowner's Rehab Inc.***

The Trolley Square development project will create 40 affordable housing units on City-owned land in North Cambridge, and is being sponsored by Homeowner's Rehab Inc, a local a Community Housing Development Organization (CHDO). Of the 40 units, 32 will be rental and the remaining 8 will be homeownership. The project will also include community space, retail, and open space. The rental units will consist of a mix of 1-, 2- and 3-bedrooms, while the ownership units will all be 3-bedrooms. LIHTC funds and other funding has been committed to this project by the State. Construction on this project should begin next year.

***CAST II: Sponsor, Homeowner's Rehab Inc.***

The CAST Apartments is a 42-unit affordable rental development whose affordability restriction was at its term of maturity and set to expire. Homeowner's Rehab Inc. worked with the City to purchase the building in 2003 and completed renovations in fy2004. The City provided \$483,485 in HOME funds to the project. HRI also successfully secured capital from the Cambridge Affordable Trust, the state, and various other public and private sources. The renovation and preservation of CAST's 42 family-sized units protected the homes of more than 144 tenants who were at-risk of being priced out of their units. The project is sponsored by Homeowner's Rehab Inc.

## HOME ANNUAL PROJECT MONITORING & PROPERTY INSPECTIONS

The City monitors housing rehabilitation, new construction and all other community development activities carried out by sub-recipients on an annual monitoring schedule created to ensure strict compliance with applicable HUD laws, regulations and program guidelines.

In the spring and summer of 2004, the City monitored 520 units in its development portfolio. Projects that received HOME, CDBG, Trust, and all funds passed through the City as an intermediary is monitored to ensure compliance with funder requirements. The monitoring schedule include HIP units from Just A Start and Homeowners Rehab, development projects from both Agencies, Cambridge Housing Authority and CASCAP Reality Inc. Non-profit developers are required to submit Project Compliance Report annually on each development project which received HOME funds. It is then reviewed to ensure that rent and occupancy requirements were being maintained according to City and HUD standards. All units monitored were in compliance with HUD, State and City regulations. Tenants were income eligible and rental units were affordable to low-, moderate- and very-low income households. The City's HOME Coordinator annually implements the City's monitoring plan and is accompanied by the City's Rehabilitation Specialist when conducting site visits.

The City conducts regular site visits as well as monitors program and tenant files of the Home Improvement Program, Homeownership Program, units developed using HOME funds, Community Development Block Grant, and other federally funded programs to ensure compliance with program goals and federal regulations.

Property Inspections are built into our service delivery system and is conducted as prescribed by HUD. Properties are closely monitored beginning at the time funds are committed to the completion of construction or rehabilitation, with monitoring that follow in subsequent years. Each year the Housing Division conducts property inspections on 10% to 15% of the units in its affordable housing stock using the schedule below:

*Property Inspection Schedule:*

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- Every 3 years for projects with 1-4 units
- Every 2 years for projects with 5-25 units
- Annually for projects with 26 or more units

## **HOME Match Report**

*HUD Form 40107-A is attached*

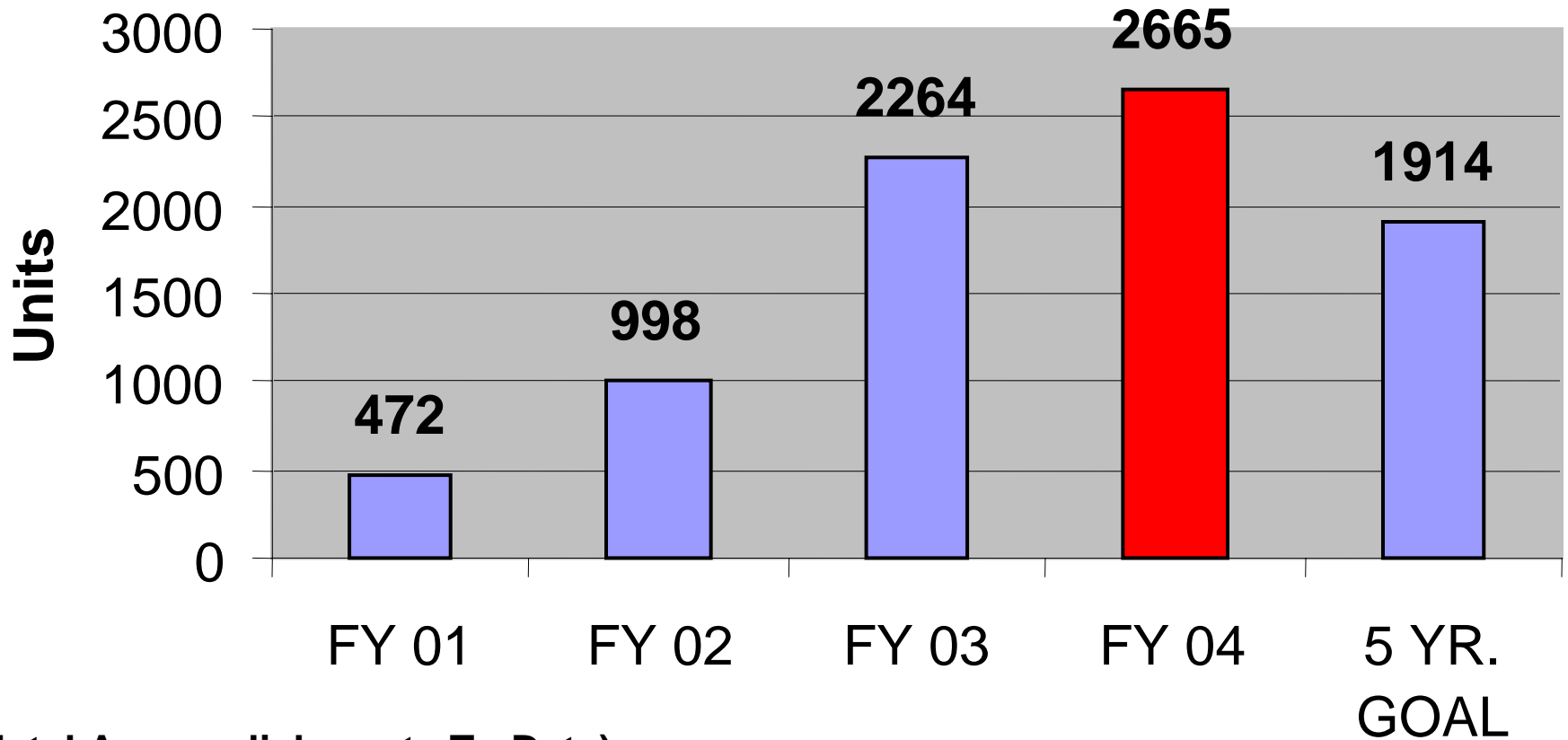
A Participating Jurisdiction is required to match 25% of the amount drawn down from the U.S. In each fiscal year a PJ must make eligible match contributions in an amount at least equal to the match obligation incurred through the expenditure of HOME funds. Treasury through HUD's Integrated Disbursement Information System (IDIS) for HOME projects during the federal fiscal year. In FY2004, \$661,703.87 in HOME funds was disbursed by the City resulting in a HOME match liability is \$156,420. HOME projects have leveraged over \$19 million in match funds in 2004 from other public and private sources, exceeding the required match for the current fiscal year. Funds not requiring a match include those used for administrative costs, CHDO operating expenses, CHDO capacity building, and seed money or technical assistance loans where the project did not go forward.

The completed HOME Match Report form HUD 40107-A is attached.

## **MWBE Report : Minority and Women's Business Enterprise**

As stipulated by HUD in regulation 24 CFR Part 84, the City includes in its contract agreements requirements that developers make a good faith effort to involve minority and women owned businesses as contractors and subcontractors when working on federally funded projects. During our annual monitoring and at the close of a project the Developer is required to submit a MWBE Report identifying minority or women contractors that they secured. In addition, if a minority contractor was not selected for their project they are required to document that efforts were made to include minorities and women in the bidding process even if they were not selected as the contractor or subcontractor. Minority contractors were selected for several development projects in FY2004. Please see the attached HOME Annual Performance Report.

## Housing Division: Total Accomplishments



(Total Accomplishments To Date)